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“Equal Pay Day” (April 8) Based on Misinformation

**Gore-Daschle “Paycheck Fairness” Pays
Off Trial Lawyers, Invites Wage Controls**

*The whole aim of practical politics is to keep the populace alarmed
— and hence clamorous to be led to safety — by menacing it with
an endless series of hobgoblins, all of them imaginary.*

H.L. Mencken

If ever there was a menacing but imaginary hobgoblin, it is the systemic sex discrimination supposedly causing a 26 percent “wage gap” between men and women. Democrats, including President Clinton, Vice President Gore, and Senate Minority Leader Daschle are hoping to use this falsehood to give trial lawyers more ways to plunder businesses and to pave the way for wage controls over significant portions of the economy.

WHAT EVERY AMERICAN NEEDS TO KNOW ABOUT THE “WAGE GAP”

“Comparable worth” proponents claim that until April 8 (“Equal Pay Day”), women essentially work for no pay, because women are paid 74 cents for every dollar earned by a man. This charge is based on misinformation.

- ▶ The *average* wage gap between men and women is 26 cents (and falling). But this figure does not account for factors unrelated to sex discrimination that affect income: age, education, occupation, number of years in the workforce, and experience.
- ▶ Controlling for these factors shows women are actually paid 98 cents for every dollar earned by a man.

- ▶ The remaining 2-cent *adjusted* wage gap could be caused by sex discrimination, but it could also be caused by measuring errors, unaccounted for differences between men and women, or a combination of these factors.
- ▶ The 2-cent adjusted wage gap could also be more than made up for by the non-monetary benefits of female-dominated jobs, including better supervisors, fewer risks, easier commutes, and more flexible hours.
- ▶ Former Congressional Budget Office Director June O'Neill writes, "When earnings comparisons are restricted to men and women more similar in their experience and life situations, the measured earnings differentials are typically quite small."

"PAYCHECK FAIRNESS" IS ABOUT PAYING OFF TRIAL LAWYERS

It is already illegal to pay women less than men for equal work. In fact, employers accused of doing so are presumed guilty and, unless proven innocent, must pay up to two times the injured employee's lost wages. The Gore-Daschle "Paycheck Fairness Act" gives more lawyers more ways to sue more employers for more money.

- ▶ The "Paycheck Fairness Act" allows individuals or the federal government to sue employers for *unlimited* compensatory and punitive damages.
- ▶ It allows trial lawyers to include workers in class action suits without their consent.
- ▶ It even enables lawsuits against employers who forbid employees to discuss salaries with their coworkers.

"PAYCHECK FAIRNESS" (I.E. COMPARABLE WORTH) HURTS WOMEN

The Gore-Daschle "Paycheck Fairness Act" would allow the Department of Labor to set wage "standards" based on the Department's interpretation of each job's "comparable worth." The act also would authorize funds for political events to help turn the "voluntary" comparable worth standards into compulsory wage *controls*.

- ▶ Comparable worth wage controls mean wages would be set by lobbyists and bureaucrats, rather than by supply and demand.
- ▶ Comparable worth causes high female unemployment and dangerous economic inefficiencies.

Consider the perspective of University of Virginia economist Steven Rhoads, author of *Incomparable Worth: Pay Equity Meets the Market*, on the comparable worth laws enacted by Minnesota and Australia:

- ▶ “As a result of my travels, interviews, and reading, my initial skepticism about comparable worth has turned to firm opposition.”
- ▶ “In Minnesota, utility and library directors have come out of the comparable-worth process with higher pay than their city managers, and workers previously paid equally for equal work have been assigned unequal pay for doing equal work.”
- ▶ “In St. Paul, for example, predominantly male police officers received large comparable-worth pay raises, and in many Minnesota localities public sector nurses’ salaries are being held below private-sector levels because of the results of comparable-worth studies.”
- ▶ “By holding down wages despite shortages Minnesota localities have been unable to get the nurses they need, and Qantas in Australia must get other countries’ airlines to service their planes because they cannot attract enough mechanics at the pay level administrative authorities have deemed fair.”

Former CBO Director O’Neill argues that comparable worth actually hurts women, the very people it is intended to help:

- ▶ “[B]ecause the higher pay in female jobs would raise costs, employers would reduce the number of such jobs . . . The ironic result [of comparable worth] is that fewer workers would be employed in traditionally female jobs.”
- ▶ “Minnesota’s well-known comparable worth plan has reduced employment growth in female jobs relative to male jobs.”
- ▶ “Discrimination almost certainly accounts for some of the gender gap. . . Critics of comparable worth, who include most economists, argue that it would do nothing to address these problems. . . . *One need only consider the economies of Eastern Europe to observe the results of replacing the market with administered and planned systems*” (emphasis added).

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